

# CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

## Minutes

July 15, 2008

The Capital Projects and Bond Oversight Committee met on Tuesday, July 15, 2008, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Elizabeth Tori, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Mike Denham, Co-Chair; Senators Tom Buford and Dan Seum; and Representatives Robert Damron, Steven Rudy, and Jim Wayne.

Guests testifying before the Committee: Sandy Williams and John Covington, Kentucky Infrastructure Authority; Bob Wiseman, University of Kentucky; Nancy Brownlee, Finance and Administration Cabinet; Terri Fugate and Tom Howard, Office of Financial Management; Jim Ackinson, Kentucky Higher Education Student Loan Corporation; and Joe Santoro, Bank of America Securities.

LRC Staff: Nancy Osborne, Shawn Bowen, Kristi Culpepper, Pat Ingram, Don Mullis, and Lesa Prewitt.

Senator Seum made a motion to approve the minutes of the June 17, 2008, meeting. The motion was seconded by Representative Wayne and approved by voice vote.

Senator Tori asked Nancy Osborne, Committee Staff Administrator, to review correspondence and information items. Included in members' folders was correspondence from the Committee to the Council on Postsecondary Education (CPE) related to the process for review of unbudgeted capital projects submitted by postsecondary institutions. At the Committee's May 14 meeting, members reviewed a request by Western Kentucky University (WKU) to approve an unbudgeted project that had not been approved by the university's Board of Regents. The WKU project was approved contingent upon approval by the university's governing board at its next meeting June 27. The Committee also voted to send a letter to CPE requesting that it be mindful of the preferred sequence for review of unbudgeted capital projects in accordance with the Committee's Policy Statement #2002-1. [This policy states that an unbudgeted capital project, regardless of the source of funds, should first be approved by the postsecondary institution's governing board, then by CPE or the Finance Cabinet as appropriate, and then submitted to the Committee.]

Ms. Osborne next discussed correspondence from the Committee to Finance Cabinet Secretary Jonathan Miller relating to an item that had not been approved by the Committee. At the Committee's June 17 meeting, the Kentucky Infrastructure Authority (KIA) submitted a Fund A loan to the City of Williamstown in the amount of \$17,848,000. Members raised concerns regarding whether the public was aware of the proposed project and associated rate increases that are a condition of the loan. When the question was called, there was no motion made to approve the loan. Correspondence dated June 20 was sent to the Finance and Administration Cabinet recommending further review of the project. No response to the Committee's correspondence has been received to date.

Representative Wayne asked if KIA had approached the Finance Secretary about this issue. John Covington, KIA Executive Director, said the Authority submitted recommendations to the Secretary of Finance, and the project was still under review by the Finance Cabinet. He said they are waiting for instructions from the Finance Secretary as how to proceed.

Next discussed was correspondence received from KIA in response to questions raised at the Committee's June 17 meeting regarding the City of Owenton – Kentucky River Raw Water Intake project. Committee members asked if this project will be owned or used by Kentucky-American Water Company. Also at question was whether the new raw water intake will supply water to the water treatment plant proposed by Kentucky-American Water Company. KIA's letter stated that the Owenton water intake project would be owned by the City of Owenton. This intake will provide raw water to the Owenton water treatment plant, which is owned and operated by Kentucky-American Water Company.

Senator Buford asked if the water intake component could be subject to a 99-year lease from the City to the private water company. Mr. Covington said this was not his understanding but he would find out.

Senator Buford referred to an August 2007 letter from the City of Owenton to the Kentucky Public Service Commission stating the City had sold its water and sewer system to the Kentucky-American Water Company in 2005. Mr. Covington confirmed that the City of Owenton had told KIA it sold its system to the private company, but the City maintained ownership of the water intake.

In response to a question from Representative Wayne, Mr. Covington confirmed that the water intake project would be owned by the City of Owenton and remains an asset of the City. He agreed that the rest of the system would be owned by the Kentucky-American Water Company.

Next reviewed were the quarterly status reports from the Finance and Administration Cabinet and the universities that manage their own capital construction programs, Murray State University, Northern Kentucky University, University of Kentucky, University of Louisville, and Western Kentucky University.

Ms. Osborne noted that the July quarterly status reports do not include the state projects authorized by the 2008 General Assembly; projects authorized in the 2008-10 budget will be in the October 2008 report. Staff also noted that in order to provide better public access to the quarterly status reports, they will be available in the future on the Committee's web page.

The next two items of correspondence related to the Administrative Office of the Courts (AOC). According to the quarterly status report on court facility projects, of the 18 projects authorized by the 2005 General Assembly, one is complete, 15 are now in construction and two are in design. Of the 17 court facilities authorized by the 2006 General Assembly, nine of these projects are in Phase B (design development), and eight are in Phase A (schematic design).

The second item from AOC was the Court Facilities Standards Committee report. At their June 23 meeting, the Phase A design was approved for five judicial centers in the counties of Whitley, Rowan, Russell, Hancock, and Monroe; the Monroe County project approval was contingent upon additional review by AOC staff.

The last item of correspondence was a spreadsheet reporting allocations from the Postsecondary Education Major Item of Equipment Pool for the period ending June 30, 2008.

Ms. Osborne then briefly reviewed various items in the monthly Staff Update, including news that Digital Connections is behind schedule to build a broadband Internet system for ConnectGRADD. [In March 2007, the Committee approved a \$1,200,000 KIA Fund B loan for ConnectGRADD, a partnership of seven counties in the Green River Area Development District (GRADD), to purchase equipment for this project.] Additional articles in the Staff Update included news that bonds to finance the construction of the Louisville Arena have received an investment grade rating from two rating agencies and are expected to be sold in mid-July, the Louisville Arena Authority has selected O'Rourke Wrecking Company to raze buildings on the site of the new downtown arena, and the Governor has approved a state-funded grant to the Frankfort/Franklin County Tourism and Convention Commission to study development along the Kentucky River in Frankfort.

Representative Wayne asked for an update regarding the ConnectGRADD project as it relates to the number of potential customers. Mr. Covington said at this time the grantee is not actively seeking new customers due to issues with construction of the

towers. The project is behind schedule and KIA has been in contact with ConnectGRADD. He said this project has complicating factors, and there may be only one or two projects of this type in the nation. It is a wireless broadband project to serve a large area, and ConnectGRADD was aggressive in its goal to provide Internet service to 97% of the entire seven county area. The grantee is in negotiations with the contractors and expects the project will be back on schedule on August 1. After the problems with radios and the tower heights are corrected, new customers will be solicited. ConnectGRADD does not want to solicit customers until they have confidence in the system. Mr. Covington said KIA has not dispersed any of the loan funds, and will only disperse funds as towers come on line and are approved for operation.

When asked by Representative Wayne if he was confident about the project, Mr. Covington responded affirmatively.

Representative Wayne suggested that the Committee receive an update from Mr. Jim Host regarding the issue of the Louisville Arena Authority and its selection of the wrecking company for this project when the Authority provides the follow-up report on the sale of its bonds. Assuming the bonds are sold in mid-July, the report is anticipated for the Committee's August meeting.

Senator Tori next recognized Bob Wiseman, Vice President for Facilities Management, University of Kentucky (UK). Mr. Wiseman discussed two reports relative to the Expand and Upgrade Livestock Disease Diagnostic Center (LDDC) project. The project will construct two major additions to the existing building to provide increased lab and support space, and administrative space. The project was initially authorized in the 2004-06 budget with \$8,500,000 in bond funds; the university received additional bond funds in the amount of \$20,000,000 in the 2008-10 budget. UK is requesting Committee approval to consolidate these two project authorizations. If the two authorizations are consolidated, the revised project scope would be \$28,500,000.

[As a consolidation of projects with no overall scope increase, no action is required. However, the university requested Committee approval since the projects to be consolidated are of such substantial scope.]

Representative Denham said this project was extremely important to agriculture throughout Kentucky and urged the Committee's consideration.

Senator Buford made a motion to approve the project. The motion was seconded by Representative Denham and passed by unanimous roll call vote.

Mr. Wiseman next reported plans by UK to use the Construction Management-at-Risk project delivery method for the above project. A Request for Proposals was issued May 23, 2008, and responses were due June 11. UK retained CMW, Inc. of Lexington to

provide design and architectural contract administration services for the project. No Committee action was required.

Nancy Brownlee, Director, Division of Real Properties, came to the table to discuss one new lease report for the Cabinet for Health and Family Services, Department of Community Based Services (DCBS) in Clark County. DCBS currently occupies 8,906 SF of leased office space at an annual cost of \$71,248. The facility has developed numerous cracks in the load-bearing walls and, as a result, DCBS submitted a request to obtain replacement office space. Of the three responses received to the advertised project, the agency selected the proposal submitted by Mark and Mary Gray. Mr. and Mrs. Gray offered to lease 10,946 SF of office space for seven years at an annual cost of \$109,460 for space located at 1111 Pioneer Drive in Winchester.

Senator Tori asked why there was such a deviation from the average lease rate for the area (\$7 SF) to the new rate DCBS will pay (\$10 SF). Ms. Brownlee said the existing building had continuous maintenance issues as well as fire safety issues, and the size of the building did not accommodate the current staff nor would it handle the increase in staff that CHFS has projected for the future.

Representative Wayne made a motion to approve the lease. The motion was seconded by Representative Denham and approved by unanimous roll call vote.

Senator Tori next asked Sandy Williams, Kentucky Infrastructure Authority (KIA), to come to the table. Ms. Williams reported various coal/tobacco development grants that were funded through line-item appropriations from the General Assembly in 2005 and 2006. No Committee action was required for these grants.

Next, Tom Howard, Executive Director, and Terri Fugate, Deputy Executive Director, Office of Financial Management, (OFM), discussed a new bond issue: Kentucky Economic Development Finance Authority Healthcare Facilities Revenue Bonds, Series 2008 (Masonic Homes of KY, Inc.), \$50,000,000. Ms. Fugate said the proceeds from this bond issue will be used to construct and equip a new healthcare facility in Louisville, and to refinance a \$2 million line of credit established to pay for improvements to long-term care facilities located at 711 Frankfort Road in Shelby County.

Senator Buford made a motion to approve the bond issue. The motion was seconded by Representative Damron and passed by unanimous roll call vote. Representative Wayne abstained from the vote, citing his company's contract with Masonic Homes as a possible conflict of interest.

Next, Ms. Fugate presented a new debt issue: Turnpike Authority of Kentucky Economic Development Road Revenue Bonds (Revitalization Projects), 2008 Series A,

\$200,000,000. She noted that the preliminary information submitted to the Committee considered the project amount, projected capitalized interest, and other costs of issuance using a conservative approach. The structure of the new debt issue is being evaluated with respect to the Turnpike Authority's existing debt service obligations. It is possible that the new debt issue may not include capitalized interest.

Mr. Howard said the state is trying to manage within percentage of amortization targets for the overall debt profile of the Transportation Cabinet as they do for General Fund debt. He said it is doubtful the final structure would include capitalized interest, but when this new debt report was being prepared, it was added for the purpose of disclosure. The bond resolution allows for the issuance in an amount up to \$350 million, and there is an interim plan of finance to provide funds for authorized projects.

Senator Tori asked if the inclusion of capitalized interest was a common practice in bond issues. Mr. Howard said it has been a practice to include capitalized interest given the time it takes for a new project to get underway and become available to the public. Depending upon the cost of capital and the Road Fund balance sheet, it is possible that capitalized interest would be needed for this issue. Mr. Howard said this is not unprecedented.

Senator Buford noted that the Governor vetoed the Road Plan enacted in the 2008 Session. He asked if the bond issue being presented today finances projects authorized from 2006. Mr. Howard responded affirmatively, and explained that the funds would carry over into the new road plan.

Senator Buford asked if it was common practice for a portion of the outstanding 2007 Road Fund Project Notes to be redeemed with this issuance. Mr. Howard said this approach might be used to lower the cost of issuance.

Senator Buford asked if the Committee should be concerned about this bond issue in any way. Mr. Howard said he was not aware of any major concerns with this issue.

Senator Buford asked if any of the rating agencies are concerned that the Commonwealth cannot decide what to do in regard to the 2008-10 Road Fund Plan. Mr. Howard said there are sufficient projects from prior authorizations so all proceeds could be allocated for those projects.

Ms. Fugate then presented two follow-up reports for previously approved bond issues: Morehead State University (MoSU) General Receipts Bonds, 2008 Series A and 2008 Series B Taxable Bonds, dated June 10, 2008, \$11,875,000; and Northern Kentucky University General Receipts Bonds, 2008 Series A, dated June 18, 2008, \$19,465,000.

In response to a question from Senator Tori regarding the MoSU General Receipts Bonds, Ms. Fugate said there was incremental savings on this bond issue due to Moody's upgrading its rating for the state university intercept program. Ms. Fugate added that the purpose of the MoSU General Receipts Bonds was to completely refund all of the outstanding housing and dining bonds of the university and free up the debt service reserve fund of approximately \$2.2 million.

Senator Tori asked Ms. Fugate to further discuss the upgrade of the state university intercept program. Ms. Fugate said on March 5, 2008, Moody's upgraded the rating on the state university intercept program. The rating changed from A1 to Aa3 with a negative outlook, which reflects the credit of the Commonwealth's appropriation supported debt. Although the outlook is negative, it is a rating upgrade and is of benefit to the universities in lowering the cost of borrowing. She noted that enactment of the state university intercept program has had a positive impact.

Next, Mr. Howard discussed the follow-up report for Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Revenue Bonds, Senior Series 2008 A-1 and A-2 (Tax-Exempt) and A-3 (Taxable). Invited to the table for the discussion were Jim Ackinson, Chief Operating Officer, KHESLC, and Joe Santoro, Principal, Bank of America Securities. Mr. Ackinson said KHESLC recently completed the transaction that the Committee approved in January 2008. At that time, the transaction contemplated an economic refunding of the auction rate securities issued under the 2004 resolution. For several months, because of the credit crunch, KHESLC was paying extraordinary high interest rates. KHESLC planned to refinance the auction rate securities with variable rate demand obligations. KHESLC reported in April 2008 that they were still working on the refinancing and had issued a Request for Proposal to obtain the necessary liquidity facility from commercial banks.

Mr. Ackinson said the auction rate security market collapsed in February. It began when problems with sub-prime mortgages spread to other asset-backed securities, such as student loan bonds and other collateral-backed instruments. When the auctions for auction rate securities failed, the bonds remained outstanding, and the investors could not get out of their investments. What investors thought was a 28-30 day holding period, is now indefinite unless the bonds are redeemed. The transaction itself not only would provide KHESLC with capital, but it would enable those investors to get out of the auction rate securities.

Mr. Ackinson said there were no student loan bonds issued during the entire first quarter of 2008. On June 18, KHESLC went to market with a \$300 million transaction that incorporated letters of credit provided by State Street Bank and Bank of America. This transaction resulted in interest savings of approximately \$2.8 million a year.

Mr. Ackinson said investors do not want to invest in any security that is backed only by student loan payments, not because of any problems with the loans but because of the perception in the market that this is not a safe investment. He explained that in order to market the debt, additional collateral was needed. KHESLC had to pledge collateral valued at 103% of the bonds, which required \$9 million in equity from KHESLC.

Senator Tori asked what kind of impact KHESLC expects from having to pledge the \$9 million in equity. Mr. Ackinson said KHESLC's flexibility has been greatly reduced. Recent events have financially impacted the entire student loan industry. The federal government reduced the level of "special allowance payments" that agencies such as KHESLC receive. Congress passed legislation last fall which reduced the allowable margins on future student loans. KHESLC has also contributed \$86 million to the Commonwealth's budget in funds transfers over the last five years. At this time, KHESLC cannot do more than a \$300 million bond issue.

Mr. Ackinson said KHESLC still has outstanding tax-exempt debt it would like to refund in the future. He added that the taxable auction rate securities will become costly, and KHESLC will be looking at other alternatives. He projected if a transaction is attempted later in the year, it would be difficult to do more than \$100-\$200 million given KHESLC's level of remaining equity and the revenue that is being created.

Senator Tori asked Mr. Ackinson to share his professional opinion of the future of student loan program. He responded that KHESLC is limited in its ability to operate profitably, and its number one priority is to pay debt service on outstanding debt. The new bonds do not carry an AAA rating, but all prior existing bonds do. The Corporation has had to eliminate its borrower benefit programs, whereby earnings would be distributed to students in reduced costs or loan forgiveness. Other income sources had to be found besides the spread on the loans in order to be profitable. KHESLC successfully operates a loan servicing program. KHESLC is also the program administrator for the state of Alabama, where it operates a similar program. KHESLC originates student loans in Alabama, which the Alabama Higher Education Loan Corporation (AHELC) purchases with its own bond proceeds. KHESLC makes a 2% profit on the sale of the loans to AHELC.

Mr. Santoro said many other states are trying to do similar types of transactions as KHESLC. This transaction was completed in part because of the strength of the program. The 103% collateralization level for this transaction is the lowest that is available. He said many other transactions were at a collateralization level of 105% and 107%. To put those figures into perspective, if these were the terms of the KHESLC transaction, KHESLC would have had to pledge \$15 or \$21 million of equity. Mr. Santoro indicated that because of the strength of the program, KHESLC was able to utilize the minimum amount of equity, which gives KHESLC more flexibility in the future.

Mr. Santoro said the outstanding and new bonds are relatively strong. The banks backing these bonds, State Street and the Bank of America, are two highly rated entities. The new bonds carry the highest short-term rating and the long-term ratings of the banks. The bonds are trading very well in the market and the transaction was three times oversubscribed, indicating a strong investor demand. Mr. Ackinson said changes made by Congress last year and signed into law by the President in late September 2007 were made in an environment where the market was very robust.

Mr. Ackinson said the actions of the federal government diminished the strength of the loan program as have events in the capital markets. In response to many entities announcing that they were going to leave the Federal Family Education Loan Program (FFELP), HR 5715 was quickly signed into law. The bill effectively ensures that the federal government would finance next year's FFELP loans.

In response to questions from Senator Buford, Mr. Ackinson said he thinks it is unlikely the auction rate market will be functional again. He said KHESLC's cost of funds on its outstanding auction rate debt is dictated by the loan documents. The cost will vary over time. The securities KHESLC redeemed in this transaction were primarily tax-exempt. He said they are currently paying more for tax-exempt debt than taxable debt.

Senator Buford asked if KHESLC was preparing for some terrible months ahead. Mr. Santoro said there is a lot of work to be done and in some ways the federal solution helps with this upcoming year's financing efforts. He said they will focus their efforts on restructuring their existing programs.

Senator Buford asked if the AAA bond rating assigned to previous bond issues could drop. Mr. Santoro said the rating on the bonds will be maintained. He said although this is not beneficial for auction rate bondholders who want to move out of the investment, there have been research papers from the major rating agencies indicating this will decrease issuers' cost of borrowing through taxable debt because of some of the document covenants and restrictions on the maximum rate. He said future issuance, or a resurgence of the auction rate market, certainly would be severely impaired, because now bondholders realize they have a 20-30 year bond. Mr. Ackinson added that this has already happened and that bondholders would never buy another student loan bond, in whatever form.

Senator Buford asked what would happen if the Corporation had to add another \$20 million to the bond issue. Mr. Ackinson said they could not do it. The Corporation has stopped making student loans because they cannot access the markets. This may affect students in the fall. KHESLC announced to schools several months ago that unless there was a federal solution, KHESLC would not provide loans this fall. Congress acted quickly, and the federal government is providing a guarantee on the loans.

Representative Denham asked what was the default rate for the Corporation's student loans. Mr. Santoro said the default rate has been historically low the last few years nationwide for the FFELP program. All assets, even on the non-federal guaranteed loans, are performing well and are expected to perform well.

In response to a question from Representative Denham, Mr. Ackinson said the federal solution is in two parts. First, loans originated by entities such as KHESLC can be put or sold to the federal government. Second, entities such as KHESLC can place their loans in a participation pool for up to a year or more. If during that time, the Corporation is able to return to the capital markets, it could buy those loans from the participation pool and hold them rather than put them back to the federal government. He said this program seems like a good short-term fix. The problem is that the federal government will not advance funds to allow KHESLC to make the loans in the first place.

Mr. Ackinson said KHESLC needs liquidity in the amount of a month's production. KHESLC's main concern is whether the mechanics of its financing will be resolved by August; KHESLC will continue to look at other alternatives. He said they have already talked to other state agencies. KHESLC has talked with the state retirement system and may talk with the agency again. KHESLC would like to see if any agency could provide \$50-70 million over the short term.

Representative Denham said a few years ago, KHESLC transitioned to the auction rate system. These loans were basically packaged and sold to the big commercial banks, eliminating the small local banks. Mr. Ackinson responded that he did not think it was driven by the financing mechanism itself or by the fact that KHESLC, for a period of time, had the lowest priced product. KHESLC was waiving all the upfront fees and providing other borrower benefits and smaller lenders could not compete. Representative Denham asked if it was an alternative to go back to a similar situation. Mr. Ackinson said they have individually talked with all the major regional banks that have a presence in Kentucky, including the Kentucky Bankers Association, to see if any local banks had an interest in providing KHESLC with capital. He said they did not get far because all commercial lending is tight right now.

Senator Seum asked if KHESLC was the only option for student loans. Mr. Ackinson said last year KHESLC had over 70% of the state market for FFELP loans. There is the direct loan program in which the University of Kentucky, Kentucky State University, and Morehead State University are participants. These loans are made directly through student aid offices and the federal government. More schools will start moving in this direction if there is not a federal FFELP solution soon. The demand may exceed what the direct loan program can accommodate. Students can also borrow from private lenders through alternative loans. This is an unregulated industry. Consumer loans are also available.

Senator Tori said there is a fear that the federal government will no longer guarantee student loans. Mr. Ackinson said there is a distinction between the FFELP program and the direct program. The direct program was introduced as an alternative early in the Clinton administration and was not widely accepted primarily because schools had established relationships with lenders and the lenders were providing borrower benefits. Some had the impression that a federally-administered direct loan program would have a higher level of defaults. The direct program and the FFELP program are two competing programs that seem attractive at different times. Today, since KHESLC cannot access the capital market, direct loans appear more attractive.

No Committee action was required for these follow-up reports.

Next, Ms. Fugate discussed KHESLC's line of credit to originate FFELP student loans to be sold to the Alabama Higher Education Student Loan Corporation (AHELC). KHESLC's Board has approved a \$45 million line of credit from PNC Bank that will be used for this purpose. KHESLC will sell the loans to AHELC at 105% of the loans' face value and accrued interest and will continue to service the loans pursuant to a separate loan agreement.

Mr. Ackinson clarified that KHESLC was not using Kentucky money to make Alabama student loans. Senator Tori said Kentucky will benefit from this agreement. Mr. Ackinson said KHESLC will receive fee income.

Representative Denham asked if KHESLC has pledged its assets in order to make these loans, and if so, was this a wise decision. Mr. Ackinson said KHESLC has pledged its assets for these loans. He said from a financial perspective, this is a low-risk transaction that provides KHESLC with an additional income to offset what is being lost by the federal government reducing the permissible spread on its loans.

Representative Denham said he thought extreme caution should be used when this money is being used to benefit another state.

The last follow-up report Ms. Fugate presented was Kentucky Asset/Liability Commission (ALCo) General Fund Tax and Revenue Anticipation Notes (TRAN), 2008 Series A, dated July 1, 2008, \$404,716,000. No Committee action was required.

Representative Damron asked if all three rating agencies had been used in the past and if there was any consideration of using just one. Ms. Fugate said with ALCo, in most instances, all three rating agencies have been used. Mr. Howard added that Fitch was used when the ALCo concept was developed. Of the three rating agencies, Fitch gave the state the highest rating, which the state used to leverage against the others. He said they have included Fitch in all of the ALCo ratings, and Fitch rates all the other General Fund

debt as well. They have been the state's lowest-cost rating agency over a long period of time.

Representative Damron asked if the state received the \$100,000 paid to OFM and used the funds to offset operating expenses. He asked how much OFM was anticipating in fees each year and if it was operating at a positive or negative. Mr. Howard said OFM was running at a positive, but the fees charged on bond issues do not pay for the overhead of the debt staff.

Ms. Fugate presented six new school bond issues with School Facilities Construction Commission (SFCC) debt service participation: Calloway County, Lewis County, Hickman County, Madison County, Kenton County, and Williamstown Independent (Grant Co.).

Representative Rudy made a motion to approve the school bond issues. The motion was seconded by Senator Seum and passed by roll call vote. Representative Damron abstained from the vote, citing a potential conflict of interest.

Senator Tori announced the retirement at the end of July of Lesa Prewitt, the LRC Committee Assistant, and Terri Fugate, Deputy Executive Director, OFM. She thanked them both for their service and hard work.

Next, Ms. Osborne reported one locally-funded school bond issue submitted to the Committee for review this month for the Lee County School District. She said all disclosure information has been filed, and no further action on the bond issue was required. Also included in members' folders was the monthly debt issuance calendar.

Ms. Osborne said the Committee's next meeting is scheduled for August 19, 2008, at 1:00 p.m. in the Capitol Annex Building. With there being no further business, the meeting adjourned at 2:15 p.m.